

# 2005

# Real Estate Withholding Installment Sale Agreement

**(This form can only be completed by the buyer. This is not a remittance document.)**

CALIFORNIA FORM

593-I

## Part I – Buyer's Information

**Return this form to your escrow company.**

Name (include spouse, if jointly purchased – see instructions – type or print)						Social security number (SSN)
						Spouse's SSN (if jointly purchased)
Address (number and street)				Private Mailbox no.	<input type="checkbox"/> CA Corporation number <input type="checkbox"/> FEIN	
City	State	ZIP Code	Daytime telephone number (     )		<b>Note:</b> If you do not furnish your tax ID number, this agreement is void.	
Property address (if no street address, provide parcel number and county)					Ownership percentage _____ %	

## Part II – Seller's Information

Name (include spouse, if jointly owned – see instructions – type or print)			Social security number (SSN)
			Spouse's SSN (if jointly owned)
Mailing address (street)		Private Mailbox no.	<input type="checkbox"/> CA Corporation no. <input type="checkbox"/> FEIN
City	State	ZIP Code	
			<b>Note:</b> If you do not furnish the seller's tax ID number, this agreement is void.

### Part III – Installment Agreement

Attach a copy of the signed promissory note (showing the installment payment requirement) to this form.

## Part IV – Buyer's Agreement to Withhold

Under penalties of perjury, I hereby agree to withhold on each **principal** payment for the above shown California real property to the above seller at the rate of 3 1/3 percent of each principal payment. I will complete Form 593, Real Estate Withholding Remittance Statement, and Form 593-B, Real Estate Withholding Tax Statement, for each principal payment and send one copy of each to the Franchise Tax Board with the withholding payment and give two copies of Form 593-B to the seller. I will send each withholding payment by the 20th day of the month following the month of the installment payment. If the terms of the installment sale, promissory note, or payment schedule change, I will promptly inform the Franchise Tax Board. I understand that completing and signing this form will subject me to withholding penalties if I do not withhold on each principal payment and do not send the withholding, with Forms 593 and 593-B, to the Franchise Tax Board by the due date or I do not send two copies of Form 593-B to the seller by the due date.

Buyer's name (if the buyer is not an individual, buyer's agent's name and title) (type or print) \_\_\_\_\_

Buyer's signature \_\_\_\_\_ Date: \_\_\_\_\_

Buyer's spouse's name (if on title) \_\_\_\_\_

Buyer's spouse's signature (if applicable) \_\_\_\_\_ Date: \_\_\_\_\_

**Buyer:** If you sign this agreement, make a copy of this form. Make sure you copy the back so you will have the instructions for withholding on subsequent payments. Give the original, with a copy of the promissory note, to your escrow officer. Your escrow officer will withhold on the down payment. You must withhold on all subsequent principal payments (including payoff or balloon payments).

**Note:** This agreement is between the buyer and the Franchise Tax Board. Neither the seller nor the buyer may modify the terms of the agreement.

If you choose not to sign this agreement, instruct your escrow officer to withhold the full 3 1/3 percent of the total sales price. You will not be required to withhold on subsequent installment payments.

**Escrow Officer:** If this is an installment sale and the buyer has agreed to withhold on each principal payment instead of withholding on the full amount at the time of transfer, withhold only on the down payment in escrow. Make a copy of this form for your records. Attach the original Form 593-I and a copy of the promissory note to Form 593-B and send to Franchise Tax Board with Form 593 and the withholding payment. .

# Instructions for Form 593-I

## Real Estate Withholding Installment Sale Agreement

### Purpose

When California real estate is sold on an installment basis, the buyer must withhold  $3\frac{1}{3}$  percent of the total sales price at the time of sale. However, the seller can ask the buyer to withhold on each principal payment rather than withholding the full amount at the time escrow closes. If the buyer chooses to withhold  $3\frac{1}{3}$  percent of each principal payment. It is solely the buyer's decision whether to withhold the full amount at the time of transfer or to withhold on each principal payment.

If you are the buyer and wish to withhold on each principal payment, complete Form 593-I and have your escrow officer send it to the Franchise Tax Board (FTB) with the withholding on the down payment. If you do not complete Form 593-I and send it to us, the full  $3\frac{1}{3}$  percent of the total sales price must be withheld.

If you are the buyer and you do not wish to withhold on each principal payment, do not complete this form. Instruct your escrow officer to withhold the full  $3\frac{1}{3}$  percent of the total sales price. You will not have a withholding requirement on subsequent installment payments.

### Buyer Instructions

Complete all four parts of Form 593-I.

### Part I – Buyer's Information

Enter your name as it is shown on the escrow instructions. Each buyer wishing to withhold on individual payments instead of withholding the full amount at the time of sale must complete a separate Form 593-I. However, if you are purchasing the property with your spouse and both of you will be on the promissory note, then include both of your names, social security numbers, and signatures on one form. You must include your taxpayer identification number (social security number if an individual) for the agreement to be valid.

### Part II – Seller's Information

Enter the seller's name as it is shown on the escrow instructions. Use a separate Form 593-I for each seller included on the promissory note. However, if the sellers are husband and wife and both of them will be on the promissory note, then include both of their names and social security numbers on one form. The seller's taxpayer identification number (social security number if an individual) is required for the agreement to be valid.

### Part III – Installment Agreement

You must attach a copy of the signed note agreement or promissory note to this form or this agreement will not be valid.

### Part IV – Buyer's Agreement to Withhold

By signing this agreement, you agree to:

- Authorize the escrow officer to withhold only on the down payment,
- Withhold  $3\frac{1}{3}$  percent on all subsequent installment principal payments,
- Give two copies of Form 593-B to the seller by the 20th day of the month following the month of the installment payment,
- Send each withholding payment along with the completed Forms 593 and 593-B to the FTB by the 20th day of the month following the month of the installment payment (see information below on interest and penalties), and
- Promptly inform the FTB if the terms of the installment sale, promissory note, or payment schedule change.

If you sign this agreement, make a copy of this form. Make sure you copy the back so you will have the instructions for withholding on subsequent payments. Give the original, with a copy of the promissory note, to your escrow officer.

When you make subsequent installment payments, withhold  $3\frac{1}{3}$  percent of the principal payment. You must complete Forms 593 and 593-B for each withholding payment. When you send the withholding on the final installment payment, write "Final Installment Payment" on the bottom of Form 593. You can get Forms 593 and 593-B by:

Internet: [www.ftb.ca.gov](http://www.ftb.ca.gov)  
Phone: (888) 792-4900  
Mail: Tax Forms Request Unit  
Franchise Tax Board  
PO Box 307  
Rancho Cordova CA  
95741-0307

We update our forms annually, so make certain you use the most current form. For more information on withholding on installment payments, see the instructions for Forms 593 and 593-B or call the Withholding Services and Compliance Section at (888) 792-4900 (US toll free) or (916) 845-4900 (not toll-free).

### Escrow Officer Instructions

If the buyer has agreed to withhold on each principal payment instead of withholding on the full amount at the time of transfer,

withhold  $3\frac{1}{3}$  percent of the down payment. Make a copy of this form for your records. Attach the original Form 593-I and the copy of the promissory note to Form 593-B, and send to the FTB with Form 593 and the withholding on the down payment.

Refer to Form 593 and Form 593-B instructions for further information.

### Interest and Penalties

Interest will be assessed on late withholding payments and is computed from the date due to the date paid.

If the real estate escrow person does not notify the buyer of the withholding requirements in writing, the penalty is the greater of \$500 or ten percent of the required withholding.

If the buyer (after notification) or other withholding agent does not withhold, the penalty is the greater of \$500 or ten percent of the required withholding.

If the buyer or other withholding agent does not furnish complete and correct copies of Form 593-B to the seller by the due date, the penalty is \$50 per Form 593-B. If the failure is due to an intentional disregard of the requirement, the penalty is the greater of \$100 or ten percent of the required withholding.

If the buyer or other withholding agent does not furnish complete and correct copies of Form 593-B to the FTB by the due date but does file them within 30 days of the due date, the penalty is \$15 per Form 593-B. If Form 593-B is filed more than 30 days after the due date, the penalty is \$50 per Form 593-B. If the failure is due to an intentional disregard of the requirement, the penalty is the greater of \$100 or ten percent of the required withholding.

### Additional Information

#### Assistance for Persons with Disabilities

We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments, call:

TTY/TDD ..... (800) 822-6268

#### Asistencia Telefonica y en el Internet

Dentro de los Estados Unidos,  
llame al ..... (800) 852-5711

Fuera de los Estados Unidos,  
llame al ..... (916) 845-6500  
(cargos aplican)

Sitio en el Internet: [www.ftb.ca.gov](http://www.ftb.ca.gov)

#### Asistencia para Personas Discapacitadas

Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos pueden llamar al:

TTY/TDD ..... (800) 822-6268